

THE MISSOURI BUDGET

FISCAL YEAR 2008

BUDGET SUMMARY

I. OVERVIEW

Governor Blunt's Fiscal Year 2008 budget recommendations sustain his commitment to implement a balanced budget that does not rely on excessive, job-killing tax revenues. Not only does the Governor's budget proposal allow the state to function within its available means, it also preserves over \$200 million of general revenue to fund key priorities, including children's education and health care, in future fiscal years. In addition, the Governor's budget includes a modest tax reform package that reduces state general revenue collections \$102.7 million.

Governor Blunt's Fiscal Year 2008 budget recommendations fund key priorities, including:

- Fully funding the second year of the state's newly crafted foundation formula at nearly \$2.9 billion. This is an increase of \$132.6 million, including \$95.9 million from General Revenue.
- The following as essential components of the vision of the Lewis and Clark Discovery Initiative:
 - ⇒ Quick validation of the Lewis and Clark Discovery Initiative Cooperative Agreement to allow the \$335 million in higher education capital improvement projects to get underway as soon as possible and provide \$15 million for the Missouri Technology Corporation to attract and retain high technology companies and commercialize existing research.

The Governor's budget includes the following items:

- ⇒ \$25 million for Missouri's need-based financial aid programs (included in the Fiscal Year 2007 supplemental budget).
- ⇒ \$3.4 million for expansion of the Primary Care Resource Initiative (PRIMO) Scholarship and Area Health

Education Centers (AHECs) (included in the Fiscal Year 2007 supplemental budget).

- ⇒ \$60 million to provide equipment and infrastructure costs for Federally Qualified Health Centers (FQHCs) throughout the state (included in the Fiscal Year 2007 supplemental budget).
- \$39.5 million increased funding for Missouri's public two- and four-year colleges and universities as well as \$20 million for the state's scholarship programs to ensure that tuition levels are kept at a reasonable level and that Missouri students have access to higher education.
- \$6.4 billion dollars for the Medicaid program. This includes \$857.6 million in new funding, a net increase over Fiscal Year 2007 of \$420.6 million, and allows \$151.1 million for the newly proposed MO HealthNet program.
- \$6.4 million increased funding to support an expected seven ethanol plants and \$28.5 million to support an estimated nine biodiesel plants. Total funding for Missouri ethanol producers will be \$15 million and total funding for Missouri biodiesel producers will be \$33.8 million.
- \$35.7 million for the Life Sciences Research Board to enhance the state's research capacity with a focus on animal health and nutrition, and plant science.
- \$48.4 million increased funding for the Department of Mental Health to meet staffing needs at facilities, address recommendations of the Governor's Mental Health Task Force, and continue support for local community involvement in providing mental health services to Missourians.
- \$16.9 million more dollars to address health care technology initiatives in the Departments of Social Services, Mental Health, and Health and Senior Services. Supporting health care technology is

necessary if Missouri is going to close the digital divide that exists between health care service providers.

- \$411 million to utilize federal funds and bond proceeds made available by passage of Amendment 3, to improve the safety and condition of Missouri roadways and bridges. Additional federal transportation enhancement funding will be available to expand transportation options by adding such things as new bike routes and pedestrian paths. Governor Blunt also supports the Missouri Department of Transportation's "Better Roads, Brighter Future" Program that will bring 85% of Missouri's major highways up to "good" condition by the end of 2011.
- Additional resources to enhance the ability of public safety and emergency response agencies to handle crime, natural disasters, and emergencies. \$8.1 million will be directed toward the first phases of implementing a statewide interoperable radio system to improve communication during emergency situations. An increase of \$500,000 will be provided to local agencies investigating cyber criminals. Additionally, \$1.2 million will be used by the Highway Patrol to improve fingerprint identification processes and staff the Missouri Information Analysis Center. The State Emergency Management Agency will have additional capacity to assist state and local planning agencies with emergency preparedness efforts.
- \$3.5 million to expand criminal laboratory services in Springfield and Jasper County, including \$2.5 million to partner with the city of Springfield to construct and operate a full-service crime lab, and \$1 million to support operations and renovations for a satellite crime lab in Jasper County.
- \$50 million from bond proceeds for grants and loans to Missouri communities for the control of water pollution, and improvements to water supply and sewer systems.
- \$74.8 million, including \$40.4 million general revenue, for a three percent pay increase for all employees and pay adjustments for critical positions with high turnover rates. To deliver high-quality services, the state must be able to compete and maintain qualified, high-performing employees at all levels of government. Governor Blunt is committed to attracting and retaining an experienced,

dedicated, and productive workforce.

- \$15 million, including \$10 million general revenue, to recognize the liability of future retiree health care costs. Pre-funding this liability is key to sound financial management, protects the state's AAA bond rating, and ensures compliance with the Governmental Accounting Standards Board.

II. REVIEW OF THE FISCAL YEAR 2007 BUDGET

After nearly unprecedented revenue growth in Fiscal Year 2006, state revenue collections have continued to grow in Fiscal Year 2007, but at a slower pace. Through the first six months of Fiscal Year 2007, net general revenue collections are up by 4.4 percent. However, while net growth has been boosted by a relative slowdown in refunds paid out early in the year, aggregate gross receipts have been unimpressive. The December revision to the consensus revenue estimate resulted in a slight decrease in estimated growth, dropping to 4.0 percent. Continued strength in individual income tax receipts is expected based on good personal income growth during Calendar Year 2006, but a slowdown in sales and corporate taxes is occurring, and an increase in tax credit redemptions is anticipated. In addition, supplemental appropriations are necessary to absorb some costs that will exceed their original estimates. These include costs to continue quality services at certain state facilities, offset citizens' energy costs through the Utilicare program, and cover increases in the fuel and utility costs of state agencies. However, because of the strength of collections in Fiscal Year 2006, it is unlikely the Governor will need to withhold funds in Fiscal Year 2007 to meet his constitutional obligation to balance the budget.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

The performance of the U.S. economy in the first half of Calendar Year 2006 was strong, especially considering the skyrocketing energy costs during the first three quarters of the year. However, a substantial deceleration in the national housing market impacted residential construction and related consumer industries,

and cutbacks in U.S. automobile production led to considerable weakness in linked manufacturing industries. Together, these issues helped to cool economic growth to below-average in the second half of 2006. Nevertheless, corporate profits continued to reach all-time highs, and employment in service-producing industries continues to expand.

Employment growth, on a year-over-year basis, has been consistently in the neighborhood of 1.4 percent for the past twelve months, near the high-end of growth over the last decade. The unemployment rate fell to 4.5 percent in December, and personal income continued its strong growth during the past year. Nominal consumer spending continues to increase at high rates but has cooled in recent quarters. Inflation rates, buoyed by rising energy prices, tightening labor markets, and continued healthy consumer demand, are among the highest rates seen over the last ten years.

The U.S. economy will continue to grow moderately in Calendar Year 2007. However, the upcoming path of growth may be bumpier than in recent quarters, which is typical when the economic cycle reaches a turning point. The concurrent economic drags in housing and vehicle production are believed to be temporary inventory corrections. However, these corrections may take several quarters to adjust.

For Calendar Year 2007, real GDP is expected to rise by only 2.5 percent, not returning to “trend” growth near 3 percent until late in the year. Employment is expected to grow by about 1.2 million jobs, or an average of 0.8 percent, but unemployment is projected to return to near 5 percent. Personal income growth is expected to slow to 5.6 percent, as salary growth cools to 4.9 percent. Nominal consumer expenditures are anticipated to increase by 5.1 percent, but much of this increase is due to relatively high prices for gasoline and other energy products. The inflation rate as measured by the Consumer Price Index is expected to fade to 2.0 percent in 2007 as economic growth slows. However, core inflation (which excludes volatile food and energy prices) will be higher, at 2.6 percent. The Federal Reserve is becoming more comfortable being idle; until compelling evidence of an economic slowdown is shown in their data, they are expected to hold interest rates steady to ward off core inflation forces.

Corporate profits will cool from record highs to growth rates in the low single-digits, as cost pressures from energy prices, higher interest rates, and a tight labor market mount. These overall trends should give way to growth rates closer to historical averages in 2008.

The generally favorable outlook is supported by the following factors:

- Energy prices have declined from recent run-ups, and are projected to remain in a range similar to that seen over the last several months.
- Interest rates are likely near their peak, and may be reduced later in 2007.
- Consumers continue to spend, albeit at a slower pace.
- The slowdown in residential investment, a result of aggressive investment while interest rates were favorable, will correct itself as housing inventories are reduced.
- Equity markets continue to soar on sustained corporate profits, pointing to strong dividend payouts and capital gains.
- The global economy continues to expand, driven by growing domestic demand within overseas economies as well as exports to the U.S. Therefore, net exports from the U.S. are expected to increase moderately as a weaker dollar makes U.S. goods and services abroad more affordable.

While continued economic growth is predicted, considerable downside risks remain:

- Energy prices are perpetually volatile. The nation's energy infrastructure, though not impacted by hurricanes this past year, continues to be utilized near maximum capacity. Demand for oil in developing nations continues to rise. Although oil prices have declined, and are expected to increase only slightly over the next couple of years, recent history has demonstrated that unexpected supply or demand issues could trigger a significant price rebound.
- Despite the latest data showing that price growth may be slowing, it is still quite possible the rise in core inflation will continue, and interest rates will rise in response. Since rates are already at levels considered moderately restrictive, further increases would dampen business investment and consumption.
- Consumer spending may slow as the “wealth effect” created by rising housing prices diminishes. Higher interest rates,

Economic Projections			
	Increase by Calendar Year		
<u>U.S.</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Real GDP	3.3 %	2.5 %	3.2 %
Total Employment	1.4 %	0.8 %	1.0 %
Unemployment Rate	4.7 %	5.0 %	5.1 %
Personal Income	6.4 %	5.6 %	5.5 %
Consumer Expenditures	6.0 %	5.1 %	5.2 %
Consumer Prices	3.2 %	2.0 %	2.5 %
 <u>MISSOURI</u>			
Total Employment	1.1 %	0.8 %	0.8 %
Personal Income	5.8 %	4.5 %	4.4 %

combined with the increased debt consumers have assumed over the past several years, may make further spending daunting. Additionally, interest rates that are stable at relatively high levels make saving more desirable, which could dampen the economy in the near-term.

- The housing market remains at risk from higher interest rates as well. During the recent residential build-up, investors took advantage of numerous new types of exotic mortgages with back-loaded payments. Now, payments are coming due at interest rates much higher than when the loans were established. Higher loan payments will further burden overextended consumers. An increase in delinquencies and foreclosures is expected.
- Recent gains in equity markets appear to be driven somewhat by the belief that interest rate increases are a thing of the past. If the Federal Reserve decides that inflation remains a bigger risk than the softening economy and raises target rates, a sharp equity sell-off could occur, placing further drag on household wealth and consumer spending.
- Global economics could diminish growth in the U.S. The trade deficit between the U.S. and its partners continues to grow. Should foreign investment in the U.S. wane, a slow-down in U.S. growth could occur.

- The possibility of an act of violence against U.S. economic interests cannot be ignored as numerous geopolitical issues remain unsettled.

Missouri Economic Position

The Missouri economy, like that of the nation, continued to grow in Calendar Year 2006, but has come against strong headwinds in recent months. After peaking at pre-recessionary levels in the summer, the slowdowns in residential construction and automobile manufacturing reduced Missouri employment through the autumn. According to U.S. Bureau of Labor Statistics data, between November 2005 and November 2006, 8,000 jobs were lost in motor vehicle and transportation equipment manufacturing, a reduction of 11 percent. Conversely, the state gained 18,400 private service-producing jobs over the same period. Through December 2006, the state had gained 22,400 jobs over the previous twelve months (a growth of 1.0 percent) and 53,500 jobs since January 2005. Despite this churning in the job market, on a year-over-year basis, personal income growth during Calendar Year 2006 is projected to be 5.8 percent, which is above average.

Missouri's economic outlook over the next two years is similar to that of the nation, but is weighed down by recent restructurings and the general outlook in the automotive industry. Employment in the construction industry should

stabilize, while growth will continue in the service sectors. Overall employment growth of 0.8 percent is expected annually. Personal income growth will continue at rates closer to historical averages, around 4.5 percent in 2007, and 4.4 percent in 2008. Risks to this outlook include an exacerbated slowdown in vehicle manufacturing, slower consumer spending as a result of higher energy prices and interest rates, and reduced output in industries with high energy demands.

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2007 AND 2008

Revenue forecasting is challenging under the best of circumstances. When uncertainties cloud the economic forecast, the undertaking becomes even more difficult. Dynamic energy prices and the anxieties they create further complicate this issue. Nonetheless, the state must move ahead with its budget based on the best available economic information. Governor Blunt is committed to working constructively with members of the General Assembly to ensure the state follows sound budget policies. As a first step, the Governor worked with legislative leaders to develop a consensus revenue estimate.

General revenue growth slightly below long-term averages is expected in the coming Fiscal Year. The revised Fiscal Year 2007 and initial Fiscal Year 2008 revenue estimates project net growth of 4.0 percent and 3.8 percent, respectively. Growth in individual income tax receipts is expected to remain strong and may be boosted further as a result of mounting equity gains. However, the slowdown in residential investment is expected to dampen consumer spending on taxable items, which is already slowing as consumers reduce debt loads, return to saving, and increase Internet purchases. The deceleration in corporate profit growth will likely cool corporate income tax collections. Further, favorable economic conditions spurred significant capital investment that was eligible for tax credits over the last two calendar years. Many of these tax credits are expected to be redeemed within the next two fiscal years. Finally, the continued implementation of the 2004 transportation ballot initiative, Constitutional Amendment No. 3, will impact Fiscal Years 2007 and 2008, lowering general revenue collections by an estimated \$25 million annually.

V. REVENUE LIMITATION AMENDMENT

Article X of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is about 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2006 were below the total state revenue limit by nearly \$1.4 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2007 or 2008. These preliminary calculations are subject to change as actual state revenue collections become known and as the federal government revises its estimates of Missouri personal income. These projections could change if the General Assembly were to pass legislation to increase revenue without a vote of the people. Per Article X of the Missouri Constitution, revenue approved by the voters is not subject to the revenue and spending limit.

Article X, Section 18(e), of the Missouri Constitution imposes an additional revenue limit, which states the General Assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. New annual revenues are the net increases in annual revenues produced by the total of all tax or fee increases by the General Assembly in a fiscal year, less refunds and all contemporaneously occurring tax or fee reductions in that same fiscal year.

For Fiscal Year 2006 these limits are calculated at \$81 million for the personal income amount and \$77.2 million for the one percent of total state revenues amount. Legislative actions in the 2006 session resulted in a reduction of \$22.1 million in state revenues, which is significantly below the constitutional limit.

For Fiscal Year 2007, the limits are calculated at \$84.3 million for the personal income

amount and \$80.9 million for the one percent of total state revenues amount.

VI. TAX REFORM AND RELIEF FOR MISSOURI CITIZENS AND BUSINESSES

One of Governor Blunt's key legislative priorities this session includes providing tax relief for Missouri citizens and businesses. Because of the economic growth that has occurred during Governor Blunt's tenure, state general revenues have grown at historically high rates. Further, sound fiscal practices adopted by the Governor and General Assembly have resulted in available revenues beyond those needed to fund the budget. Allowing Missourians to keep more of their income will help ensure long-term economic growth for the state. The Governor recommends \$102.7 million in relief for Missouri taxpayers.

Governor Blunt proposes the following reductions, which total \$132.7 million:

- Exempt Social Security Benefits from Income Tax – \$100 million. This proposal exempts all social security retirement benefits and replacement programs from Missouri income tax. Since Missouri taxable income is derived from Federal Adjusted Gross income, benefits are subject to Missouri tax to the extent they are subject to federal tax. Generally, social security benefits are not taxed in Missouri if the taxpayer's total income is under \$32,000 for joint filers, or \$25,000 for single filers.
- Raise Corporate Franchise Tax Threshold – \$14 million. This antiquated tax on business assets is collected in addition to corporate income tax. This proposal raises the threshold from \$1 million to \$15 million, if the business meets the health care provisions outlined in the Quality Jobs Act. Raising the threshold will assist many small businesses by reducing their tax burden and simplifying tax preparation. Further, this proposal will make the state more attractive to firms considering expansion.
- Increase the Cap on the Quality Jobs Program – \$12 million. Governor Blunt's signature job creation program has proven to be both highly popular and a successful economic development tool since its inception in 2005. However, the program

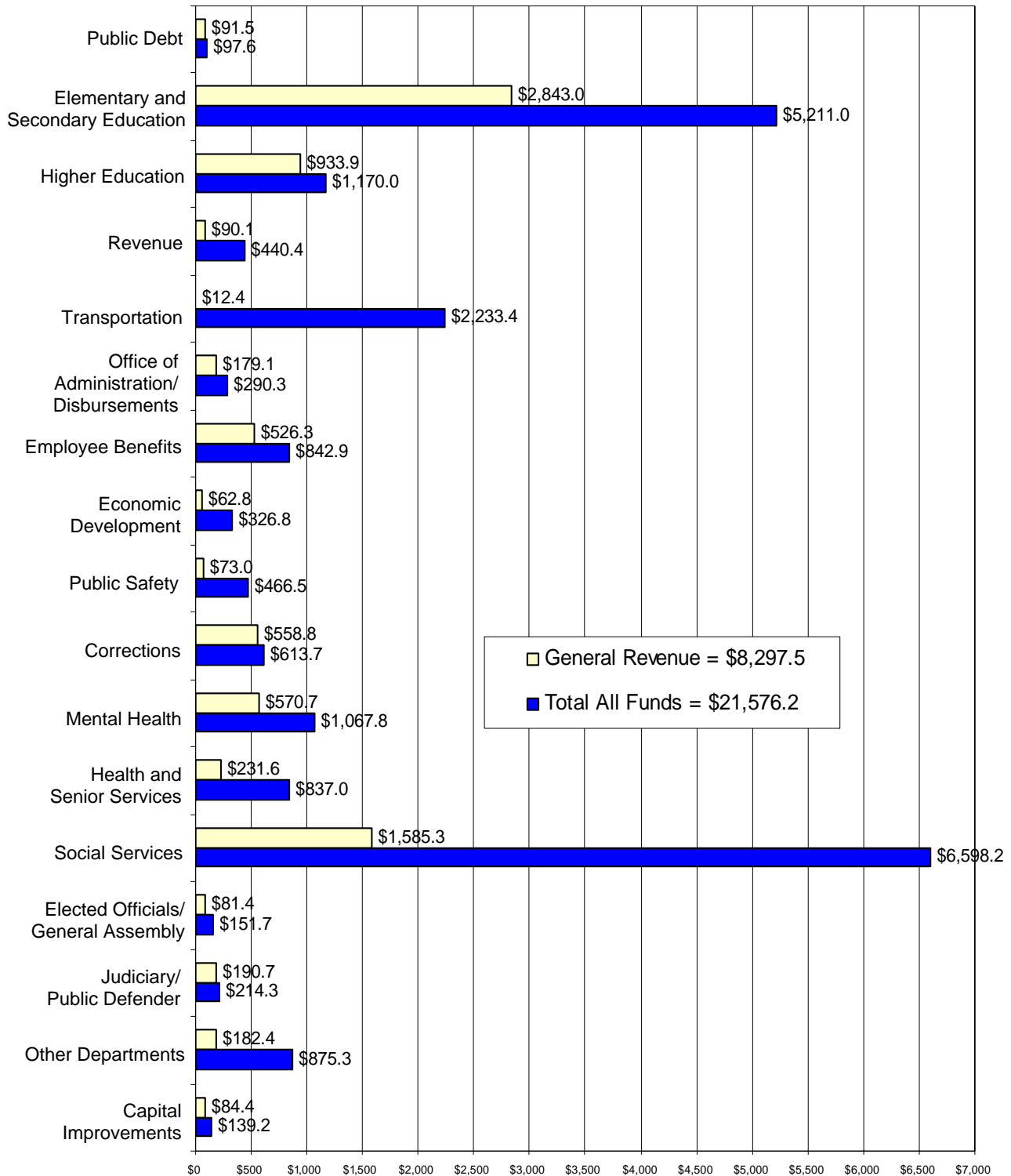
has exhausted its available incentives. In order to continue attracting and retaining family-supporting jobs, the program cap should be raised.

- Increase the Cap on the Missouri Agricultural and Small Business Development Authority Tax Credits – \$4 million. The current expansion of ethanol and biodiesel projects is expected to completely absorb the credits available for this program. In order to support the development of other important value-added agricultural businesses, the cap on this program should be raised.
- Increase the Long-Term Care Insurance Deduction – \$2.7 million. Currently, 50 percent of certain premiums paid for long-term care insurance is deductible from Missouri individual taxable income. This proposal would make 100 percent of these premiums deductible, and will encourage Missourians to make health care a personal responsibility.

In light of recent court decisions, Governor Blunt recommends the following tax changes:

- Correcting Missouri Sales Tax Law – \$30 million. This proposal restores the original legislative intent to the manufacturing exemption and the rental definition of Missouri sales tax law. Recent Missouri Supreme Court decisions have applied two sales tax exemptions very broadly. First, the exemption for equipment, machinery, and supplies used to manufacture products has been extended to telephone calls and financial information. In addition, current law does not clearly permit the Department of Revenue to apportion taxation where a piece of equipment is used for taxable and non-taxable purposes. Thus, companies may claim that equipment is fully exempt when its manufacturing use may be less than 20 percent of its full usage. Second, the state's ability to collect sales/use tax on rental transactions has been weakened by decisions adopting a strained interpretation of the state tax term "lease."

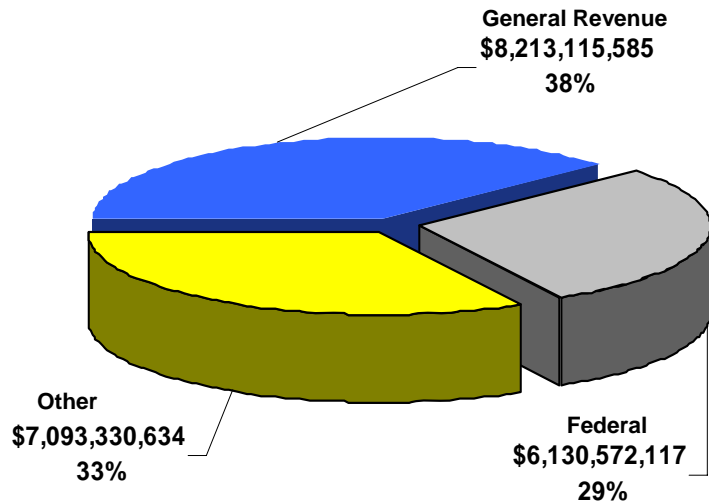
FY 2008 BUDGET RECOMMENDATIONS



FY 2008 TOTAL OPERATING BUDGET

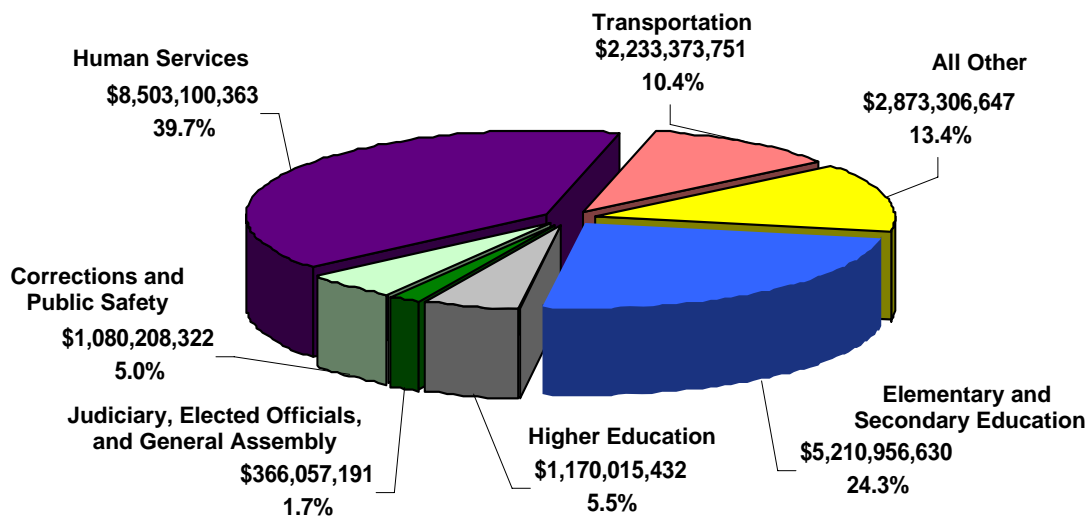
SOURCES OF FUNDS

Total Funds* \$21,437,018,336



GOVERNOR'S RECOMMENDED OPERATING BUDGET- ALL FUNDS

Total Appropriations* \$21,437,018,336



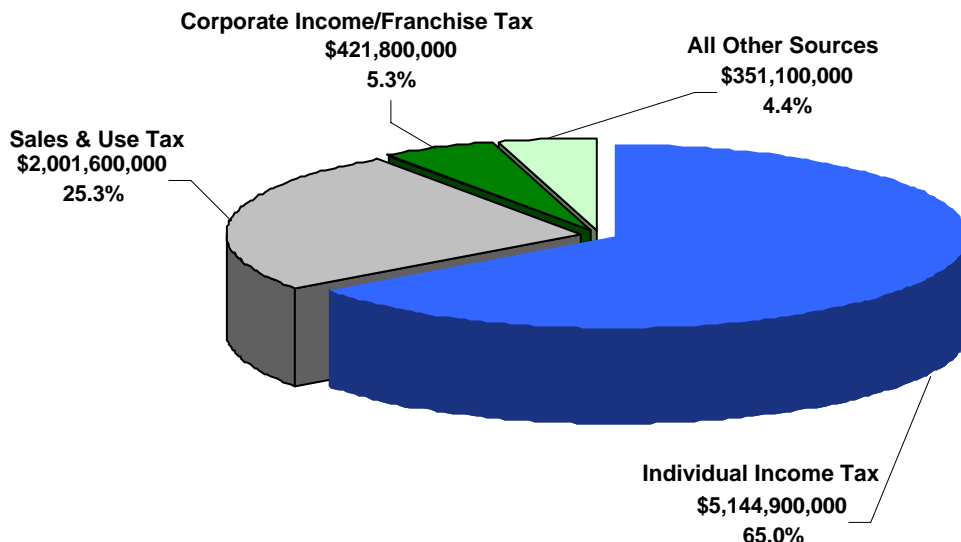
*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipts FY 2006	Consensus Estimate FY 2007	Consensus Estimate FY 2008
<u>Collections</u>			
Individual Income Tax	\$ 5,352,025,061	\$ 5,688,600,000	\$ 6,021,900,000
Sales and Use Tax	1,993,130,786	2,036,900,000	2,081,600,000
Corporate Income/Franchise Tax	606,668,448	597,600,000	615,800,000
County Foreign Insurance Tax	189,664,672	200,000,000	207,000,000
Liquor Tax	24,018,327	25,300,000	26,000,000
Beer Tax	8,416,378	8,500,000	8,600,000
Inheritance/Estate Tax	15,569,883	2,400,000	0
Interest on Deposits and Investments	35,403,330	43,000,000	44,500,000
Federal Reimbursements	89,020,627	77,300,000	74,500,000
All Other Sources	<u>147,220,373</u>	<u>139,500,000</u>	<u>139,500,000</u>
 Total General Revenue Collections	 8,461,137,885	 8,819,100,000	 9,219,400,000
 Refunds	 <u>(1,128,904,333)</u>	 <u>(1,192,000,000)</u>	 <u>(1,300,000,000)</u>
 Net General Revenue Collections	 \$ 7,332,233,552	 \$ 7,627,100,000	 \$ 7,919,400,000
 Net Growth Rate		4.0%	3.8%

FY 2008 CONSENSUS REVENUE ESTIMATE

Net General Revenue \$7,919,400,000



GENERAL REVENUE SUMMARY

RESOURCES

	FY 2006	FY 2007	FY 2008
Beginning Balance	\$ 185,631,922	\$ 600,630,793	\$ 515,859,612
Previous Year's Lapse (1)	114,671,416	94,700,436	111,300,000
Revenue Collections	8,461,137,885	8,795,100,000	9,219,400,000
Governor's Proposed Tax Changes	0	0	(102,700,000)
Refunds	(1,128,904,333)	(1,168,000,000)	(1,300,000,000)
Transfers to Fund	188,063,660	192,800,000	150,200,000
Total Resources Available	\$ 7,820,600,550	\$ 8,515,231,229	\$ 8,594,059,612

OBLIGATIONS

Operating Appropriations	\$ 7,138,727,756	\$ 7,721,701,972	\$ 8,213,115,585
Capital Improvements Appropriations	32,655,015	73,727,987	84,380,958
Confirmed Lapse	(68,777,548)	0	0
Allowance for Citizens' Commission Recommendations	0	0	6,479,859
Supplementals	59,449,352	121,514,010	50,000,000
Increased Estimates	57,915,182	82,427,648	40,000,000
Total Obligations	7,219,969,757	7,999,371,617	8,393,976,402

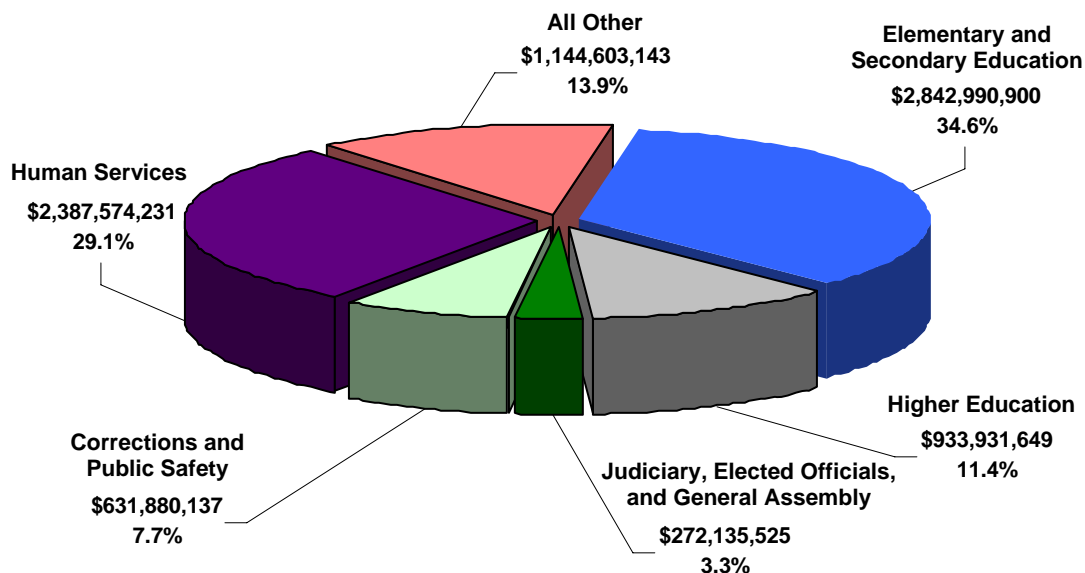
Ending Balance	\$ 600,630,793	\$ 515,859,612	\$ 200,083,210
----------------	----------------	----------------	----------------

NOTES TO GENERAL REVENUE SUMMARY

(1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.

GOVERNOR'S RECOMMENDED OPERATING BUDGET - GENERAL REVENUE

Total Appropriations* \$8,213,115,585



*Excludes refunds

FY 2008 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2006 Expenditure	FY 2007 Appropriation	Governor's Recommendation FY 2008
1 <u>Public Debt</u>			
General Revenue	\$ 68,207,584	\$ 91,358,692	\$ 91,464,696
Federal Funds	0	0	0
Other Funds	980,825	6,287,634	6,155,798
Total	\$ 69,188,409	\$ 97,646,326	\$ 97,620,494
2 <u>Elementary and Secondary Education</u>			
General Revenue	\$ 2,564,869,759	\$ 2,739,824,155	\$ 2,842,990,900
Federal Funds	851,869,621	939,524,896	956,462,095
Other Funds	1,334,292,956	1,337,181,733	1,411,503,635
Total	\$ 4,751,032,336	\$ 5,016,530,784	\$ 5,210,956,630
3 <u>Higher Education</u>			
General Revenue	\$ 831,264,897	\$ 879,356,731	\$ 933,931,649
Federal Funds	2,661,494	6,468,111	6,482,693
Other Funds	169,475,019	182,792,028	229,601,090
Total	\$ 1,003,401,410	\$ 1,068,616,870	\$ 1,170,015,432
4 <u>Revenue</u>			
General Revenue	\$ 90,046,098	\$ 85,437,324	\$ 90,103,799
Federal Funds	5,012,820	6,404,905	6,411,958
Other Funds	353,684,526	320,377,203	343,911,546
Total	\$ 448,743,444	\$ 412,219,432	\$ 440,427,303
4 <u>Transportation</u>			
General Revenue	\$ 11,476,821	\$ 11,859,321	\$ 12,409,321
Federal Funds	67,253,324	53,751,383	59,729,150
Other Funds	2,015,926,284	2,555,849,644	2,161,235,280
Total	\$ 2,094,656,429	\$ 2,621,460,348	\$ 2,233,373,751
5 <u>Office of Administration</u>			
General Revenue	\$ 162,794,441	\$ 170,700,804	\$ 179,081,505
Federal Funds	6,226,469	76,306,928	74,978,156
Other Funds	14,985,535	28,871,430	36,260,668
Total	\$ 184,006,445	\$ 275,879,162	\$ 290,320,329
5 <u>Employee Benefits</u>			
General Revenue	\$ 476,514,858	\$ 510,411,801	\$ 526,349,089
Federal Funds	134,752,988	160,837,877	164,654,970
Other Funds	122,647,377	144,728,612	151,857,232
Total	\$ 733,915,223	\$ 815,978,290	\$ 842,861,291
6 <u>Agriculture</u>			
General Revenue	\$ 16,252,834	\$ 22,832,655	\$ 59,286,714
Federal Funds	1,864,911	4,933,906	4,742,270
Other Funds	10,470,071	14,925,244	14,194,369
Total	\$ 28,587,816	\$ 42,691,805	\$ 78,223,353

FY 2008 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	FY 2006 <u>Expenditure</u>	FY 2007 <u>Appropriation</u>	Governor's Recommendation <u>FY 2008</u>
6 <u>Natural Resources</u>			
General Revenue	\$ 6,378,607	\$ 10,047,582	\$ 12,093,469
Federal Funds	34,327,818	42,796,822	43,242,217
Other Funds	266,639,064	270,789,147	271,959,475
Total	\$ 307,345,489	\$ 323,633,551	\$ 327,295,161
6 <u>Conservation</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	127,567,790	141,048,873	143,254,143
Total	\$ 127,567,790	\$ 141,048,873	\$ 143,254,143
7 <u>Economic Development</u>			
General Revenue	\$ 34,752,844	\$ 43,885,380	\$ 62,782,990
Federal Funds	133,858,300	158,714,384	169,435,600
Other Funds	30,734,654	58,515,451	94,560,485
Total	\$ 199,345,798	\$ 261,115,215	\$ 326,779,075
7 <u>Insurance, Financial and Professional Regulation</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	558,594	600,000	600,000
Other Funds	28,107,710	34,031,104	35,033,466
Total	\$ 28,666,304	\$ 34,631,104	\$ 35,633,466
7 <u>Labor and Industrial Relations</u>			
General Revenue	\$ 2,404,167	\$ 2,462,141	\$ 2,514,130
Federal Funds	42,974,397	55,793,665	52,941,570
Other Funds	95,779,788	95,166,771	89,769,773
Total	\$ 141,158,352	\$ 153,422,577	\$ 145,225,473
8 <u>Public Safety</u>			
General Revenue	\$ 69,367,711	\$ 63,966,596	\$ 73,038,253
Federal Funds	115,599,813	81,482,031	114,796,386
Other Funds	224,594,129	275,041,211	278,667,145
Total	\$ 409,561,653	\$ 420,489,838	\$ 466,501,784
9 <u>Corrections</u>			
General Revenue	\$ 506,016,408	\$ 586,127,292	\$ 558,841,884
Federal Funds	4,479,859	8,587,041	7,468,169
Other Funds	27,645,437	43,632,887	47,396,485
Total	\$ 538,141,704	\$ 638,347,220	\$ 613,706,538
10 <u>Mental Health</u>			
General Revenue	\$ 524,314,568	\$ 554,004,413	\$ 570,676,345
Federal Funds	405,125,432	451,928,567	459,428,398
Other Funds	33,434,220	39,079,337	37,713,533
Total	\$ 962,874,220	\$ 1,045,012,317	\$ 1,067,818,276

FY 2008 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2006 Expenditure	FY 2007 Appropriation	Governor's Recommendation FY 2008
10	<u>Health and Senior Services</u>		
General Revenue	\$ 205,719,205	\$ 228,301,096	\$ 231,572,918
Federal Funds	511,193,034	567,288,385	576,810,056
Other Funds	27,180,129	26,767,085	28,659,129
Total	\$ 744,092,368	\$ 822,356,566	\$ 837,042,103
11	<u>Social Services</u>		
General Revenue	\$ 1,252,305,354	\$ 1,415,767,492	\$ 1,585,324,968
Federal Funds	3,092,663,992	3,439,130,872	3,375,124,515
Other Funds	1,641,279,745	1,322,144,638	1,637,790,501
Total	\$ 5,986,249,091	\$ 6,177,043,002	\$ 6,598,239,984
12	<u>Elected Officials</u>		
General Revenue	\$ 47,950,908	\$ 46,224,199	\$ 48,435,005
Federal Funds	30,621,697	38,181,093	23,358,160
Other Funds	36,753,686	45,933,279	46,745,482
Total	\$ 115,326,291	\$ 130,338,571	\$ 118,538,647
12	<u>Judiciary</u>		
General Revenue	\$ 140,269,453	\$ 155,267,876	\$ 159,174,952
Federal Funds	8,385,862	9,700,642	10,284,578
Other Funds	8,817,536	10,279,339	10,237,705
Total	\$ 157,472,851	\$ 175,247,857	\$ 179,697,235
12	<u>Public Defender</u>		
General Revenue	\$ 28,462,879	\$ 30,337,822	\$ 31,530,606
Federal Funds	0	125,000	125,000
Other Funds	1,205,707	1,972,829	2,976,491
Total	\$ 29,668,586	\$ 32,435,651	\$ 34,632,097
12	<u>General Assembly</u>		
General Revenue	\$ 29,812,209	\$ 32,300,398	\$ 32,994,962
Federal Funds	0	0	0
Other Funds	149,144	193,567	194,250
Total	\$ 29,961,353	\$ 32,493,965	\$ 33,189,212
13	<u>Statewide Leasing</u>		
General Revenue	\$ 35,506,075	\$ 41,228,202	\$ 108,517,430
Federal Funds	12,716,059	20,006,708	23,496,176
Other Funds	4,634,290	9,065,212	13,652,953
Total	\$ 52,856,424	\$ 70,300,122	\$ 145,666,559
14	<u>Supplemental Recommendations</u>		
General Revenue		\$ 35,130,195	
Federal Funds		9,107,945	
Other Funds		91,343,894	
Total		\$ 135,582,034	

FY 2008 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2006 Expenditure	FY 2007 Appropriation	Governor's Recommendation FY 2008
15	<u>Supplemental Recommendations</u>		
General Revenue		\$ 6,317,148	
Federal Funds		0	
Other Funds		6,317,148	
Total		\$ 12,634,296	
16	<u>Supplemental Recommendations</u>		
General Revenue		\$ 80,066,667	
Federal Funds		0	
Other Funds		33,333,333	
Total		\$ 113,400,000	
	<u>Total Operating Budget</u>		
General Revenue	\$ 7,104,687,680	\$ 7,843,215,982	\$ 8,213,115,585
Federal Funds	5,462,146,484	6,131,671,161	6,130,572,117
Other Funds	6,576,985,622	7,095,668,633	7,093,330,634
Total	\$ 19,143,819,786	\$ 21,070,555,776	\$ 21,437,018,336
18	<u>Capital Improvements - Maintenance and Repair</u>		
General Revenue	\$ 20,083,932	\$ 60,886,755	\$ 72,079,240
Federal Funds	773,706	3,025,000	3,173,382
Other Funds	8,713,200	10,641,001	7,356,611
Total	\$ 29,570,838	\$ 74,552,756	\$ 82,609,233
19	<u>Capital Improvements - Construction</u>		
General Revenue	\$ 146,151	\$ 1,245,510	\$ 12,301,718
Federal Funds	2,258,343	36,440,865	4,975,000
Other Funds	21,297,702	28,438,487	39,271,120
Total	\$ 23,702,196	\$ 66,124,862	\$ 56,547,838
21	<u>Capital Improvements - Construction</u>		
General Revenue	\$ 0	\$ 11,595,722	\$ 0
Federal Funds	0	9,264,000	0
Other Funds	0	10,351,475	0
Total	\$ 0	\$ 31,211,197	\$ 0
	<u>Total Capital Improvements Budget</u>		
General Revenue	\$ 20,230,083	\$ 73,727,987	\$ 84,380,958
Federal Funds	3,032,049	48,729,865	8,148,382
Other Funds	30,010,902	49,430,963	46,627,731
Total	\$ 53,273,034	\$ 171,888,815	\$ 139,157,071

FY 2008 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2006 Expenditure	FY 2007 Appropriation	Governor's Recommendation FY 2008
GRAND TOTAL			
General Revenue	\$ 7,124,917,763	\$ 7,916,943,969	\$ 8,297,496,543
Federal Funds	5,465,178,533	6,180,401,026	6,138,720,499
Other Funds	6,606,996,524	7,145,099,596	7,139,958,365
Total	\$ 19,197,092,820	\$ 21,242,444,591	\$ 21,576,175,407

FY 2006 expenditures do not include refunds of \$1,174,054,495, including \$1,127,743,978 general revenue.

FY 2007 appropriations do not include refunds of \$1,293,854,469, including \$1,245,255,371 general revenue.

FY 2008 Governor's recommendations do not include refunds of \$1,348,772,467, including \$1,300,173,371 general revenue.

**SUPPLEMENTAL RECOMMENDATIONS
FISCAL YEAR 2007**

	GENERAL REVENUE	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Department of Elementary and Secondary Education	\$ 0	\$ 615,000	\$ 38,682,310	\$ 39,297,310
Department of Higher Education	17,038,667	0	74,705,333	91,744,000
Department of Revenue	2,283,874	0	14,973	0
Department of Transportation	0	0	0	0
Office of Administration	4,221,951	0	2,350,000	6,571,951
Department of Agriculture	5,288,505	2,740,788	5,509,607	13,538,900
Department of Natural Resources	0	0	0	0
Missouri Department of Conservation	0	0	0	0
Department of Economic Development	983,324	0	50,000	1,033,324
Department of Insurance, Financial Institutions and Professional Registration	0	0	0	0
Department of Labor and Industrial Relations	0	0	0	0
Department of Public Safety	241,590	224,460	686,875	1,152,925
Department of Corrections	0	0	0	0
Department of Mental Health	9,655,161	4,877,697	0	14,532,858
Department of Health and Senior Services	14,078,861	0	968,744	15,047,605
Department of Social Services	66,465,911	650,000	6,967,148	74,083,059
Judiciary	516,610	0	35,815	552,425
Office of Public Defender	415,500	0	1,000,000	1,415,500
Elected Officials	324,056	0	23,570	347,626
General Assembly	0	0	0	0
TOTAL HOUSE BILLS 14, 15, and 16	\$ 121,514,010	\$ 9,107,945	\$ 130,994,375	\$ 261,616,330